

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 PM-07

OMB-01 TRSE-00 MC-02 IGA-02 SS-15 NSC-10 EB-11 AID-20

/103 R

DRAFTED BY ARA/APU;KNROGERS:PC

APPROVED BY ARA:WBOWDLER

ARA/PLC:JWILLIAMS

PM/MAS:JCLUNAN/RSMITH

OSD/ISA:COL. THOMAS

DSAA:JBILLINGS

ARA-LA/APU:PMFAUCETT, JR.

L:PM:JHMICHEL

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P R 242220Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO PRIORITY

INFO DOD

USCINCSO

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E.O. 11652: N/A

TAGS: PINT, MASS, US, UY

SUBJECT:URUGUAY'S FMS DEBT

1. ON SEPT. 20, URUGUAY'S AMBASSADOR TO THE U.S. HECTOR LUISI, CALLED AT THE DEPARTMENT TO DISCUSS THE FOREIGN MILITARY SALES DEBT ARREARS OF URUGUAY WHICH AMOUNTS TO ABOUT DOLS 625,000.

2. AMBASSADOR LUISI INQUIRED ABOUT THE POSSIBILITY OF RE-SCHEDULING THE DEBT AND WAS INFORMED THAT IT MIGHT BE POSSIBLE TO DO SO BY HAVING AN ALTERNATE AND REASONABLE PROPOSAL FOR REPAYMENT PREPARED FOR USG CONSIDERATION. HE WAS
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ALSO TOLD THAT SUCH RESCHEDULING WOULD PROBABLY REQUIRE THE

CONSENT OF THE TREASURY DEPARTMENT. (INTEREST NOW DUE PROBABLY CANNOT BE RESCHEDULED).

3. AMBASSADOR LUISI ALSO ASKED IF IT MIGHT BE POSSIBLE TO HAVE ALL OR PART OF THE DEBT ESPECIALLY THAT PORTION NOT YET IN ARREARS SHIFTED TO A GRANT OR OTHER ASSISTANCE PROGRAM SO THAT THE FISCAL BURDEN WOULD BE LIGHTENED ON THE GOU. THE AMBASSADOR OBSERVED THAT IF IT COULD BE DONE, IT WOULD BE OF TREMENDOUS BENEFICIAL INFLUENCE ON THE URUGUAYAN MILITARY AT THIS CRUCIAL TIME AND WOULD ENCOURAGE THEM TO PROCEED ON A MODERATE COURSE IN HARMONY WITH THE URUGUAYAN CIVILIAN GOVERNMENT. HE FELT THAT THE MILITARY WERE NOW DOING THEIR BEST AND THAT SUCH A GESTURE OF COOPERATIVE UNDERSTANDING FROM THE USG WOULD BOOST THEIR MORALE AND COOL OFF THOSE IN THE MILITARY WHO MIGHT BE TEMPTED TO CALL FOR MORE RADICAL SOLUTIONS TO DOMESTIC PROBLEMS IN URUGUAY.

4. THE DEPARTMENT IS FAVORABLY DISPOSED TO SUPPORT AMBASSADOR LUISI'S REQUEST ON RESCHEDULING OF THE DEBT ARREARS WITHIN THE TEN YEAR REPAYMENT PERIOD SPECIFIED IN THE FOREIGN MILITARY SALES ACT. HOWEVER, WE SEE NO LIKELIHOOD FOR SHIFTING FMS DEBTS TO ANOTHER TYPE PROGRAM.

5. WE WOULD APPRECIATE ANY COMMENTS AND RECOMMENDATIONS FROM THE EMBASSY ON THE FOREGOING ASAP AS A DECISION AND ACTION ON THE RESCHEDULING MATTER MUST BE ACCOMPLISHED BEFORE OCTOBER 1. AT THIS TIME OSD/ISA AND DSAA ARE CONSULTING AND WOULD GIVE A SYMPATHETIC HEARING A REASONABLE RESCHEDULING PROPOSAL. RUSH

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